ANNUAL REPORT

for the fiscal years
ending March 31, 1991 and 1990

Nova Scotia Business Capital Corporation

92-05983/

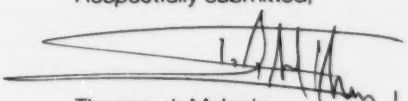
July 31, 1991

The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor
Province of Nova Scotia

May It Please Your Honour:

The undersigned has the privilege to present to Your Honour the annual report of the Nova Scotia Business Capital Corporation for the combined fiscal years ending March 31, 1990 and 1991.

Respectfully submitted,



Thomas J. McInnis
Minister of the Department
of Industry, Trade and Technology

July 31, 1991

Honourable Thomas J. McInnis
Minister of Industry, Trade and Technology
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present, on behalf of the Board of Directors, the Annual Report of the Nova Scotia Business Capital Corporation (NSBCC), including the audited financial statements of the NSBCC and the Industrial Expansion Funds for the years ended March 31, 1990, and 1991.

Since the inception of the NSBCC on April 1, 1988, the Corporation's mandate has been to encourage and promote business development and employment opportunities in the province. By the end of our second year of operations, on March 31, 1990, the Board of Directors had approved financial assistance in excess of $21 million for 31 proposals. Our third year of operations, ending March 31, 1991, resulted in the NSBCC providing financial assistance for 19 proposals in the amount of approximately $34 million. The transfer of the Venture Capital Program to the Small Business Development Corporation (SBDC) accounts for the decrease in the number of proposals considered. On January 14, 1991, the NSBCC assumed responsibility for the administration of the Industrial Expansion Fund.

The private sector investment being supported and encouraged by the Board of the NSBCC continues to be primarily provincial, with only a small percentage of new investment coming from outside of the province. During this tough economic period, we have seen the continued need for assistance to existing clients faced with diminishing resources, smaller markets, and increased costs. This was particularly true of processors in the fishing industry. Also affected were manufacturing companies operating under the Canada/U.S. Free Trade Agreement. The assistance provided by the NSBCC included technical and financial advice and, in some instances, financial restructuring.

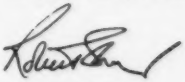
At the direction of government, our mandate and that of the SBDC was redefined effective April 1, 1990. The NSBCC is now responsible for providing financial assistance greater than $3 million, or financial assistance of less than $3 million when the fixed assets of a company or related company, combined with the project size, are greater than $5 million.

Until early 1990, included in our mandate was responsibility for the Venture Capital Program and Industrial Parks and Properties. As at April 1, 1990, these two functions became the responsibility of the Department of Small Business Development. Included in this financial report is a breakdown of land sales for the last year the NSBCC was responsible for Industrial Parks and Properties. These sales totalled approximately $1,149,000 for 52 acres of land to 21 clients. Also, on April 1, 1990, the investment portfolio of the former Industrial Estates Limited was assigned to the NSBCC.

At the time of the writing of this report, government has directed that the two lending agencies, the Nova Scotia Business Capital Corporation and the Small Business Development Corporation, be combined into one to better respond to the needs of private industry. This change is being made in conjunction with the merging of the Departments of Industry, Trade and Technology and Small Business Development.

In closing, I would like to take this opportunity to express my appreciation to the Directors, officers and staff for their support during the past two years. While the structure and policy of the Corporation continues to evolve, we have endeavoured, as a Board, to fulfill the mandate entrusted to us and are committed to responding to the needs of private industry in a timely manner.

Respectfully submitted,



Robert Shaw,
Chairman

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INTRODUCTION

The corporate authority granted to the Nova Scotia Business Capital Corporation (NSBCC) is contained in the Business Capital Corporation Act. This authority is expressed as follows:

> "There is hereby established a body corporate to be known as the Nova Scotia Business Capital Corporation. The Corporation shall be managed by a Board of Directors composed of such members as are appointed by the Governor in Council... The object and purpose of the Corporation is to encourage business development in the Province including, without limiting the generality of the foregoing, a tourism or tourism-related business, and thereby promote business growth and employment opportunities by rendering to business financial assistance or such other assistance as may be determined by the Governor in Council."

The Nova Scotia Business Capital Corporation was established pursuant to the Business Capital Corporation Act effective April 1, 1988. From its inception until March 31, 1990, the Corporation was responsible for administration of the following funds or acts:

- Business Capital Corporation Fund
- Industrial Estates Limited Act
- Venture Corporations Act
- Industrial Loan Act
- Industrial Development Fund

Subsequently, the government of Nova Scotia directed that changes be made to the structure of delivery of financial services and programs to private industry. Effective April 1, 1990, the NSBCC became responsible for providing financial assistance greater than $3 million, or financial assistance of less than $3 million when the fixed assets of a company or related company, combined with the project size, are greater than $5 million. The NSBCC is now responsible for administration of the following funds:

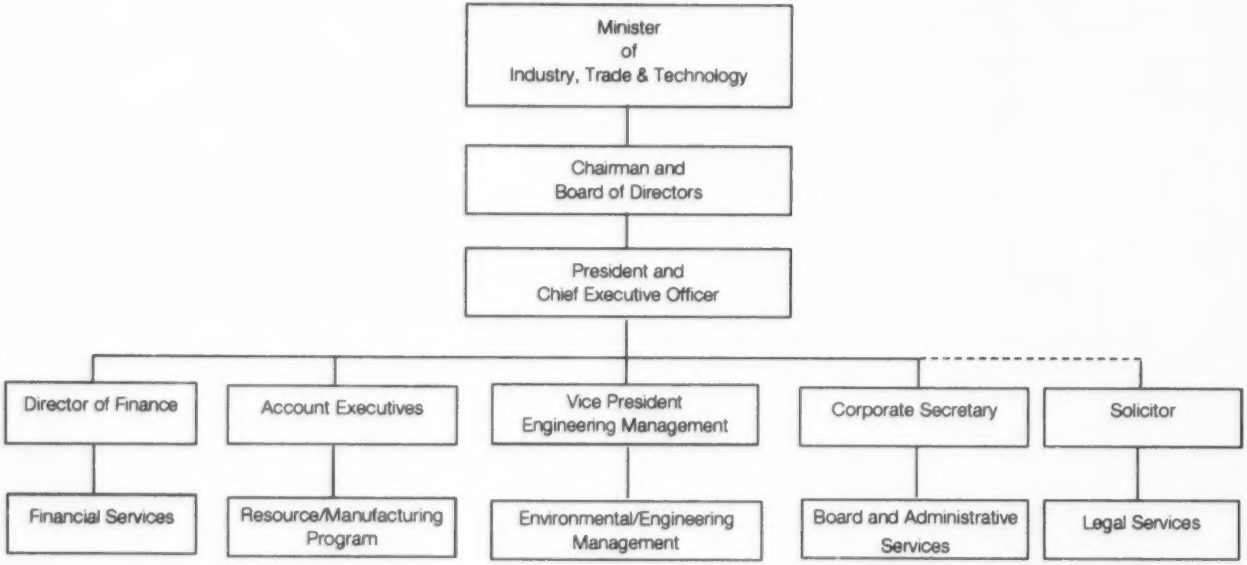
- Business Capital Corporation Fund
- Industrial Expansion Fund

The Nova Scotia Business Capital Corporation reports to the Legislature through:

The Minister of the Department of Industry, Trade and Technology
Responsible for the Nova Scotia Business Capital Corporation

The Honourable Thomas J. McInnis
Province of Nova Scotia

NOVA SCOTIA BUSINESS CAPITAL CORPORATION
ORGANIZATION CHART
AS AT MARCH 31, 1991



BOARD OF DIRECTORS AND OFFICERS AS AT MARCH 31, 1991

HEAD OFFICE

Nova Scotia Business Capital Corporation
7th Floor, World Trade & Convention Centre
1800 Argyle Street
P.O. Box 519
Halifax, Nova Scotia
B3J 2R7
Telephone: 424-6488

BOARD OF DIRECTORS

Robert Shaw, C.A., Chairman of the Board

Hector J. Jacques, P.Eng.
Norman S. MacNeil
Thomas G. Merriam
Jerry E.A. Nickerson
Ernest P. Myrick (appointed April 1, 1991)

OFFICERS

Robert Shaw, C.A., Chairman
Norman S. MacNeil, President and Chief Executive Officer
Arthur H. Abbott, P.Eng., Vice-President–Engineering Management
Sheila M. Henman, Corporate Secretary
Terry Vey, Director of Finance

FINANCING PROVIDED TO BUSINESS

For the year ended March 31, 1990, the Board of Directors reviewed 58 proposals for financial assistance from the private sector. Of these, 31 were approved for $21,651,410 in financing towards total project costs of $55,523,150.

For the year ended March 31, 1991, the Board reviewed 30 proposals of which 19 were approved in the amount of $34,391,500 against total project costs of $51,547,000.

The approved projects were distributed across the province and diverse sectors of the business community as outlined in the following tables:

SUMMARY OF FINANCIAL ASSISTANCE BY COUNTY

	No. of Investments		Amount	
County	April 1, '90–March 31,'91	April 1, '89–March 31, '90	April 1, '90–March 31, '91	April 1, '89–March 31,'90
Annapolis	1	1	$ 200,000	$ 5,500,000
Antigonish	–	1	–	1,000,000
Cape Breton	5	2	5,400,000	936,500
Colchester	1	1	5,035,000	293,145
Cumberland	3	1	8,540,000	32,500
Hants	–	1	–	20,000
Halifax	5	14	7,200,500	6,319,400
Inverness	–	3	–	1,287,430
Kings	1	2	4,000,000	1,455,000
Lunenburg	1	3	167,000	4,407,435
Shelburne	1	1	3,000,000	150,000
Victoria	–	1	–	250,000
Yarmouth	1	–	849,000	–
	19	31	$34,391,500	$21,651,410

SUMMARY OF FINANCIAL ASSISTANCE BY SECTOR

	No. of Investments		Amount	
Sector	**April 1, '90–March 31,'91**	**April 1, '89–March 31, '90**	**April 1 , '90–March 31, '91**	**April 1, '89–March 31,'90**
Agriculture	2	2	$ 8,125,000	$ 1,541,500
Fisheries	2	3	3,400,000	1,944,400
Forestry	–	2	–	332,500
Manufacturing	13	14	18,451,500	15,025,580
Mining	–	1	–	600,000
Service	–	3	–	625,000
Tourism	2	6	4,415,000	1,582,430
	19	31	$34,391,500	$21,651,410

The transfer of responsibility for the Venture Capital Program to the Small Business Development Corporation in late 1990 contributes to the decrease in the number of investments made by the NSBCC when compared to 1990–91. In particular, of the 31 investments made in 1989–90, 11 were approved under the Venture Capital Program.

BUSINESS AND INDUSTRIAL PROPERTIES AS AT MARCH 31, 1990

During the fiscal year 1989–90, the Nova Scotia Business Capital Corporation (NSBCC) continued to administer all industrial parks owned by the Province and also continued to support industrial parks owned by various municipal units. As part of a departmental reorganization, at year end, the Corporation's property portfolio was deeded in its entirety to the Small Business Development Corporation (SBDC). The responsibility for support of municipally owned industrial parks was also transferred to the SBDC.

The Industrial Properties Division completed the sale of approximately 52 acres of provincially owned industrial park land to 21 clients during the year. These sales generated approximately $1,149,000 and represent an increase of approximately 22 per cent over the previous year's sales.

The Stellarton Industrial Park received the largest number of requests, with five clients showing interest in that location. The largest acreage was sold in the Debert Air Industrial Park, where four clients purchased a total of 30 acres of land.

Municipally owned industrial parks were assisted during the year with construction carried out on the Cossitt Heights Industrial Park in the City of Sydney and the completion of infrastructure at the Northside Industrial Park. Construction of infrastructure at the Yarmouth (Hebron) Industrial Park was commenced. Negotiations continued with Atomic Energy of Canada Limited (AECL) for the province to take over the entire AECL holdings at Glace Bay.

The Industrial Properties Division was also responsible for the design and construction of two buildings that will be owned by the Province and rented to clients. One such building is located in Lunenburg and the other is in the Sheet Harbour Industrial Park.

Incubator malls operated either by the Province or municipal units continued to operate successfully. These facilities provide production and office space to fledgling companies at reduced rates during their critical startup years of operation. Occupancy levels, for the most part, remain high and a wide range of products is produced.

SUMMARY OF SALES BY PARK AND COUNTY
APRIL 1, 1989 – MARCH 31, 1990

Park	County	Sales	Total Price
Amherst	Cumberland	2	$ 39,270
Annapolis Valley	Kings	2	37,750
Debert	Colchester	4	209,380
Sackville	Halifax	3	615,665
Stellarton	Pictou	5	61,672
Windsor	Hants	3	56,472
Woodside	Halifax	2	128,700
		21	$1,148,909

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA BUSINESS CAPITAL CORPORATION

NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND

FINANCIAL STATEMENTS

MARCH 31, 1991

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS CAPITAL CORPORATION
NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND
FINANCIAL STATEMENTS
MARCH 31, 1991

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AUDITOR'S REPORT

To the Minister of Industry, Trade and Technology; and

To the Chairman and Members of the Board of Directors of the Nova Scotia Business Capital Corporation

I have audited the balance sheet of the Nova Scotia Business Capital Corporation as at March 31, 1991, and the statements of continuity of fund and operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991, and the continuity of fund and the results of operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

O.P. Cormier

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
May 10, 1991

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS CAPITAL CORPORATION
NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND
BALANCE SHEET
AS AT MARCH 31, 1991

ASSETS

	1991	1990
Cash	$ 200	$ 8,199,568
Accounts receivable and accrued interest	804,485	1,810,448
Furniture, Leasehold Improvements and equipment	—	18,944
	804,685	10,028,960
Loans receivable and other investments (Note 4)	35,478,172	35,647,109
Due from Consolidated Fund Assistance authorized but unadvanced (Note 5)	39,512,707	25,111,086
	$75,795,564	$70,787,155

LIABILITIES AND FUND BALANCE

Accounts payable and accrued charges	$ 139,985	$ 289,578
Due to Province of Nova Scotia	664,701	8,801,188
Due to Industrial Loan Fund	—	350,000
Due to Industrial Expansion Fund	—	588,194
	804,686	10,028,960
Nova Scotia Business Capital Corporation Fund	95,924,920	100,000,000
Less: Free Balance	5,955,018	25,171,720
Provision for possible losses	14,979,024	14,070,085
	74,990,878	60,758,195
	$75,795,564	$70,787,155

APPROVED

Minister of Industry, Trade and Technology

Chairman of the Board

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS CAPITAL CORPORATION
NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND
STATEMENT OF CONTINUITY OF FUND
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
Balance, beginning of year	$100,000,000	$ 28,591,000
Add: Authorization	—	71,409,000
Deduct: Accounts written off	4,075,080	—
Balance, end of year	$ 95,924,920	$100,000,000
Comprising:		
Loans receivable and other investments	$ 50,057,195	$ 49,217,194
Guarantees in effect	10,155,000	10,675,000
Loans and other investments authorized but unadvanced, and guarantees not in effect	29,757,707	14,936,086
Fund balance under administration	89,969,902	74,828,280
Free balance	5,955,018	25,171,720
	$ 95,924,920	$100,000,000

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS CAPITAL CORPORATION
NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990 (Restated) – Note 2a)
Revenue		
Interest on loans receivable	$ 2,885,667	$ 534,313
Interest on short-term investments	1,358,347	—
Rental income	1,236,120	69,849
Gain on disposal of assets	721,779	—
	6,201,913	604,162
Expenditures		
Interest allocation	5,157,540	939,359
Administrative (Schedule 1)	1,037,453	1,669,526
Incentive grant	240,070	—
Provision for doubtful accounts	—	(24,713)
Provision for possible losses on loans receivable and other investments	4,984,020	2,899,509
	11,419,083	5,483,681
Deficiency from operations	$ 5,217,170	$4,879,519
Net contribution from the Province	$ 5,217,170	$4,879,519

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS CAPITAL CORPORATION
NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority

The Nova Scotia Business Capital Corporation was established pursuant to the Business Capital Corporation Act which was passed and proclaimed in part effective April 1, 1988. The Act provides for the creation of the Nova Scotia Business Capital Corporation Fund. The object of the Corporation is to encourage business development in the Province by rendering to business financial assistance through the fund, or such other assistance as may be determined by the Governor-in-Council.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the treatment of administrative expenses described in (a) below.

a) Administrative Expenses, Interest Revenue and Expenses

Administrative expenses of the Corporation, and any differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans are included in the expenditures of the Department of Industry, Trade and Technology.

The Statement of Operations reflects the Province's revenues and expenditures (excluding rent in 1991) associated with the activities of the Corporation. The expenditures include an interest allocation as calculated by the Department of Finance based on the outstanding advances through the Fund and the average cost of borrowing.

The interest allocation was not previously disclosed in the Corporation's financial statements. The 1990 comparative figures have been restated to reflect the allocation for that period.

b) Provision for Possible Losses

The Corporation provides for possible losses on guarantees in effect, loans receivable and other investments on an item-by-item basis. In addition, a general reserve is provided on any unreserved loans receivable or other investments.

3. Amounts Transferred from Industrial Estates Limited

The financial statements of the Nova Scotia Business Capital Corporation include assets and liabilities transferred from Industrial Estates Limited, pursuant to Order in Council 90-0225, effective March 30, 1990.

A summary of the amounts transferred is as follows:

Advances secured by mortgages, bonds or debentures	$27,649,158
Leased plants	9,991,327
Foreclosed Assets	232,611
	37,873,096
Provision for possible losses	(8,786,813)
	29,086,283
Guarantees in effect	4,690,000
	$33,776,283

Also transferred from Industrial Estates Limited to the Nova Scotia Business Capital Corporation were net current assets of $1,456,751.

4. Loans Receivable and Other Investments

	1991	1990
Loans receivable	$37,471,251	$37,263,116
Leased plants	11,685,945	10,837,813
Shares of client companies	900,000	883,654
Foreclosed assets	—	232,611
	50,057,196	49,217,194
Less: Provision for possible losses	14,579,024	13,570,085
	$35,478,172	$35,647,109

5. Assistance Authorized but Unadvanced

Guarantees in effect	$10,155,000	$10,675,000
Less: Allowance for guarantees likely to be honoured	400,000	500,000
	9,755,000	10,175,000
Guarantees not in effect	12,986,700	9,828,200
Loans authorized but unadvanced	16,771,007	5,107,886
	29,757,707	14,936,086
	$39,512,707	$25,111,086

Schedule 1

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS CAPITAL CORPORATION
NOVA SCOTIA BUSINESS CAPITAL CORPORATION FUND
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
Salaries and employee benefits	$ 716,742	$1,068,480
Rent	—	232,495
Leased property maintenance	140,979	—
Legal and audit	37,885	99,844
Directors' fees and expenses	8,006	89,544
Travel	28,505	46,119
Printing, stationery and postage	13,320	34,128
General office and miscellaneous	24,967	31,802
Telephone	21,100	28,782
Depreciation - furniture, fixtures and improvements	—	16,972
Conferences, memberships and publications	1,390	7,882
Insurance and taxes	18,435	7,122
Consultants' fees	26,124	6,356
	$1,037,453	$1,669,526

PROVINCE OF NOVA SCOTIA

INDUSTRIAL EXPANSION FUND

FINANCIAL STATEMENTS

MARCH 31, 1991

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND
FINANCIAL STATEMENTS
MARCH 31, 1991

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AUDITOR'S REPORT

To the Minister of Industry, Trade and Technology, and Small Business Development; and

To the Chairman and Members of the Board of Directors of the Nova Scotia Business Capital Corporation

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 1991, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Industrial Expansion Fund as at March 31, 1991, and the continuity of fund for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
May 10, 1991

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND
BALANCE SHEET
AS AT MARCH 31, 1991

ASSETS

	1991	1990
Loans Receivable and Other Investments		
Industrial and Tourist (Note 3)	$ 97,781,604	$ 78,664,308
Venture Corporations (Note 4)	3,451,785	4,336,368
Other Assets (Note 5)	10,907,775	13,879,379
	112,141,164	96,880,055
Due from Consolidated Fund		
Assistance authorized but unadvanced (Note 6)	52,203,747	101,294,520
Free balance	85,160,607	68,204,928
	137,364,354	169,499,448
Due from Special Reserve Account		
Free balance	137,561	118,771
	$249,643,079	$266,498,274

FUND BALANCE

Industrial Expansion Fund		
Industrial Development Act	$324,795,061	$329,275,977
Venture Corporations Act	11,902,766	11,902,766
Contribution Surplus (Note 8)	2,388,970	2,388,970
	339,086,797	343,567,713
Less: Allowance for doubtful accounts and guarantees likely to be honoured	89,443,718	77,069,439
	$249,643,079	$266,498,274

Commitment (Note 10)

APPROVED

Minister of Industry, Trade and Technology, and Small Business Development

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND
STATEMENT OF CONTINUITY OF FUND
UNDER THE INDUSTRIAL DEVELOPMENT ACT
FOR THE YEAR ENDED MARCH 31, 1991

		1991	1990
Balance, beginning of year		$329,275,977	$312,475,225
Add:	Loans authorized	1,572,748	18,573,400
	Guarantees authorized	7,100,000	9,850,000
		337,948,725	340,898,625
Deduct:	Loans rescinded	4,013,302	—
	Guarantees rescinded or expired	4,907,894	524,998
	Grants rescinded or advanced	142,170	—
	Authorizations transferred to Department of Industry, Trade and Technology	—	5,850,000
	Accounts written off	4,090,298	5,247,650
		13,153,664	11,622,648
Balance, end of year		$324,795,061	$329,275,977
Comprising:			
	Loans advanced and guarantees in effect	$231,924,715	$208,586,399
	Loans and grants authorized but unadvanced, and guarantees not in effect	9,594,377	53,904,014
	Free balance	83,275,969	66,785,564
		$324,795,061	$329,275,977

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND
STATEMENT OF CONTINUITY OF FUND
UNDER THE VENTURE CORPORATIONS ACT
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
Balance, beginning of year	$11,902,766	$12,252,766
Add: Authorizations	—	1,000,000
	11,902,766	13,252,766
Deduct: Accounts written off	—	1,350,000
Balance, end of year	$11,902,766	$11,902,766
Comprising:		
Loans advanced	$ 9,695,567	$10,129,631
Loans authorized but unadvanced	185,000	235,000
Free balance	2,022,199	1,538,135
	$11,902,766	$11,902,766

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The Fund is used for the purposes of establishing, assisting, developing or expanding industries in the Province.

2. Accounting Principles

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

Administrative expenses, interest revenue and expense

Administrative expenses of the Fund, and the differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans, are included in the expenditures of the Department of Industry, Trade and Technology and the Department of Small Business Development.

These amounts are not reflected in the financial statements, nor is accrued loan interest receivable.

3. Loans Receivable

	1991	1990
Industrial	$153,239,851	$134,648,474
Tourist	1,357,457	2,984,577
	154,597,308	137,633,051
Less: Allowance for doubtful accounts	56,815,704	58,968,743
	$ 97,781,604	$ 78,664,308

4. Venture Corporations Act

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia, and was administered by the former Nova Scotia Resources Development Board until March 31, 1988. As of April 1, 1988 and until February 20, 1990, the Act was administered by the Nova Scotia Business Corporation. Effective February 20, 1990, the Act is administered by the Department of Small Business Development.

A company that qualifies as a venture corporation may receive loans under this Act, the proceeds of which must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

Outstanding loans under this Act comprise:

	1991	1990
Loans made to venture corporations	$9,695,567	$10,129,631
Less: Allowance for doubtful accounts	6,243,782	5,793,263
	$3,451,785	$ 4,336,368

5. Other Assets

	1991	1990
Investments in shares	$18,153,602	$ 9,653,602
Marine railway	877,500	877,500
Investment in Scotia Prince	4,760,905	5,967,518
Due from Nova Scotia Business Capital Corporation	—	588,194
	23,792,007	17,086,814
Less: Allowance for doubtful accounts	12,884,232	3,207,435
	$10,907,775	$13,879,379

The Province has invested $18,153,602 (1990—$9,653,602) in the share capital of five companies (1990—four companies).

The Province acquired a marine railway in Pictou, Nova Scotia in the year ending March 31, 1978 at a cost of $877,500.

The Province entered into an agreement with Prince of Fundy Cruises Limited concerning ferry services between Yarmouth and Portland which involved assistance in the purchase and renovation of the car-passenger ferry Scotia Prince. The agreement required the Province to provide assistance in respect of the financing of the vessel during the initial years of the agreement, with repayment by the company from annual payments to the Province on October 15, 1989–1995. During the year ended March 31, 1991, repayments of $1,206,613 (1990 — $623,413) were received.

The agreement also provides for the Province to guarantee the loans of the company related to the purchase and renovation of the vessel which at March 31, 1991, amounted to $7,065,760 (1990 — $8,281,200). The Province's financial assistance is secured by a first mortgage on the vessel and at the expiration of the agreement in October 1995, the Province will be entitled to a 30 per cent equity in the vessel.

6. Assistance Authorized but Unadvanced

Assistance authorized but unadvanced comprises:

	1991	1990
Guarantees authorized		
In effect	$55,885,136	$ 56,190,882
Not in effect	4,462,624	8,153,915
	60,347,760	64,344,797
Less: Allowance for guarantees likely to be honoured	13,500,000	9,100,000
	46,847,760	55,244,797
Loans authorized but unadvanced	5,223,157	45,774,723
Grants authorized but unadvanced	132,830	275,000
	$52,203,747	$101,294,520

Included in the above guarantees in effect are mortgage guarantees of $7,065,760 (1990 — $8,281,200) which is the Canadian dollar equivalent of the amounts payable in foreign currencies.

7. Guarantees

Guarantees have been provided for the following purposes.

	Total Authorized	Amount in Effect at March 31, 1991
Bank loan guarantees	$30,782,000	$26,319,376
Mortgage guarantees	7,065,760	7,065,760
Performance guarantees	22,500,000	22,500,000
	$60,347,760	$55,885,136

8. Contributed Surplus

The Canada–Nova Scotia (Off-Shore) Development Fund has provided $2,388,970 to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada–Nova Scotia Off-Shore Development Agreement. The amount provided to the Fund is shown on the balance sheet as contributed surplus. Loans amounting to $2,388,970 (1990 — $2,388,970) have been authorized and at March 31, 1991 — $2,349,737 (1990 — $2,324,346) of the loans have been advanced.

9. Administration of the Fund

The Business Capital Corporation Act was passed by the Nova Scotia Legislature and proclaimed in part to become effective April 1, 1988. The Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Capital Corporation. A ministerial letter of assignment was issued authorizing the Corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the Corporation for administration from time to time.

10. Commitment

Westray Project

The Province of Nova Scotia has guaranteed, through the Industrial Expansion Fund, future obligations of Novaco Limited, a crown corporation, to Curragh Resources Inc., pursuant to a Take or Pay Agreement dated September 14, 1990. The guarantee concerns the development of a coal mine in Pictou County to supply coal principally to the Nova Scotia Power Corporation, who have contracted to purchase 700,000 tonnes annually.

Subject to the terms and conditions of the agreement, Novaco may be required annually, January 1, 1993 to January 1, 2005, to take or pay for up to 275,000 tonnes of premium coal less the greater, of:

a) any sales of coal made by Curragh Resources Inc. from coal produced at the Westray Mine in excess of 700,000 tonnes annually, plus the amount by which the actual production capability of the mine for the year is less than 975,000 tonnes; or

b) any sales of coal made by Curragh Resources Inc. from coal produced at the Westray Mine to customers other than Nova Scotia Power Corporation, plus the amount by which the actual production capability of the mine for the year is less than 975,000 tonnes.

If Curragh Resources Inc. elects to request that Novaco take or pay for coal in a particular year, the maximum obligation for that year is to be determined after considering a number of factors identified in the agreement, including but not limited to the average market prices for coal; direct variable operating costs of mining the coal; Nova Scotia Power Corporation's then current contract price per regular tonne of coal; and the value of the US dollar in relation to the Canadian dollar. Accordingly, it is not possible to estimate with any degree of reasonable certainty the amount of Novaco's obligations (and the Province's guarantee thereon) under the agreement.

The Province's guarantee of Novaco obligations for the Westray Project is not reflected in these financial statements. Only if the annual notice required by the agreement is received, will the guarantee amount for the year be recorded in the accounts of the Industrial Expansion Fund.